

## Message Text

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64

ACTION EB-07

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SALVADOR FOR AGATT

E.O. 11652: N/A

TAGS: EAGR, EPAP, NU

SUBJECT: CONSULTATIONS ON THE 1976 MEAT IMPORT PROGRAM

1. BEGIN SUMMARY. IN CONSULTATIONS WITH THE MINAG AND OTHER NICARAGUAN OFFICIALS AND REPS OF THE PRIVATE SECTOR, WE REVIEWED THE OPERATION OF THE 1976 MEAT IMPORT PROGRAM, INCLUDING ACTION NEEDED TO HOLD IMPORTS OF NICARAGUAN MEAT WITHIN THE RESTRAINT LEVEL, AND A PROPOSED AMENDMENT TO THE RESTRAINT AGREEMENTS COVERING MEAT IMPORTED VIA FOREIGN TRADE ZONES. THE NICARAGUANS RAISED THEIR CONTINUING DESIRE FOR PREFERENTIAL TREATMENT OF CENTRAL AMERICAN MEAT IN US IMPORT PROGRAMS AND THE POSSIBILITY OF SHIPPING PROCESSED MEAT TO THE US. END SUMMARY

2. PAUL TAYLOR, EB/OF/FPD, ACCOMPANIED BB EMBASSY ECON AND COMMERCIAL OFFICERS AND AGATT BROCK, MET SEPTEMBER 2 WITH MINAG KLAUS SENGLMANN OTHER MINAG OFFICIALS AND REPRESENTATIVES OF MEAT PACKING COMPANIES AND CATTLEMEN. TAYLOR REVIEWED PROVISIONS OF THE MEAT IMPORT ACT, THE OPERATION OF VOLUNTARY RESTRAINT PROGRAMS AND THE GENERAL SITUATION IN THE US MEAT INDUSTRY. IN PARTICULAR HE NOTED THAT EXPORTING COUNTRIES SHOULD EXPECT NO INCREASE IN THE US IMPORT MEAT PROGRAM DURING 1976 AND INDICATED THAT A

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DECLARATION AND REALLOCATION OF A SHORTFALL WAS UNLIKELY THIS

YEAR.

3. NOTING THAT IMPORTS OF NICARAGUAN MEAT ENTERED INTO THE US THROUGH AUGUST 14 HAD REACHED 63.8 PERCENT OF NICARAGUA'S 1976 RESTRAINT LEVEL, WE EXPRESSED CONFIDENCE THAT NICARAGUA WOULD TAKE STEPS TO PREVENT ITS RESTRAINT LEVEL FROM BEING REACHED BEFORE THE END OF THE YEAR. FOR OUR PART, THE USG WOULD ISSUE REGULATIONS IF NECESSARY TO PREVENT NICARAGUA'S RESTRAINT LEVEL FROM BEING EXCEEDED.

4. THE NICARAGUANS RECALLED THEIR COOPERATION IN MATTERS OF INTEREST TO THE US, DATING BACK TO WORLD WAR II. THEY ASKED FOR SPECIAL CONSIDERATION FOR CENTRAL AMERICAN MEAT EXPORTS IN FUTURE PROGRAMS. TAYLOR EXPLAINED THAT WE HAD TRIED TO NEGOTIATE A PREFERENTIAL SHORTFALL ALLOCATION SCHEME IN 1975 AND IN 1976. THIS APPROACH DID NOT SUCCEED WHEN MAJOR EXPORTERS REFUSED TO JOIN A PROGRAM ON THIS BASIS, AND EVERYONE SHOULD RECOGNIZE THAT A PROGRAM WOULD BE MEANINGLESS WITHOUT THE PARTICIPATION OF THE MAJOR EXPORTERS.

5. THE NICARAGUANS PRESENTED FIGURES SHOWING THAT THEY WOULD HAVE AN EXPORTABLE SURPLUS OF SOME 6 MILLION POUNDS OF MEAT ABOVE THEIR RESTRAINT LEVEL IN 1976. ASSUMING THAT THIS COULD NOT BE ACCOMMODATED WITHIN THE RESTRAINT PROGRAM, THEY INQUIRED WHETHER MEAT COULD BE PROCESSED INTO TARIFF CATEGORIES NOT SUBJECT TO THE RESTRAINT PROGRAM AND EXPORTED, AS NICARAGUA HAD DONE SUCCESSFULLY IN THE PAST. WE REPLIED THAT SUCH TRANSFORMATION WOULD HAVE TO SATISFY THE EXACTING DEFINITIONAL REQUIREMENTS OF THE US CUSTOMS, AND WOULD ALSO HAVE TO PASS THE APPROPRIATE SANITARY INSPECTION UPON ENTRY. WHILE THE VOLUNTARY RESTRAINT AGREEMENTS DID NOT SPECIFICALLY COVER MEAT OUTSIDE THE CATEGORIES SPECIFIED IN THE AGREEMENTS, NICARAGUAN EXPORTERS WOULD BE WELL ADVISED TO CHECK WITH BOTH US CUSTOMS AND HEALTH AUTHORITIES BEFORE UNDERTAKING ANY SHIPMENTS OF PROCESSED MEAT TO THE US.

6. TAYLOR ALSO DESCRIBED THE DIFFICULTY CAUSED THE MEAT IMPORT PROGRAM BY PROCESSING IN FOREIGN TRADE ZONES AND MENTIONED THAT WE WERE IN THE PROCESS OF SEEKING AMENDMENTS TO THE VOLUNTARY RESTRAINT AGREEMENTS THAT WOULD CAUSE MEAT SHIPPED AFTER SEPTEMBER 1 TO A US FOREIGN TRADE ZONE, AND SUBSEQUENTLY IMPORTED INTO THE LIMITED OFFICIAL USE

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US AFTER PROCESSING, TO BE COUNTED AGAINST COUNTRY RESTRAINT LEVELS. THE GROUP DID NOT REACT TO THIS PROPOSAL BUT IN A LATER PRIVATE CONVERSATION THE MINAG ASSURED TAYLOR THAT SUCH AN AMENDMENT WOULD CAUSE NICARAGUA NO PROBLEMS AND COULD BE ACCEPTED. THEBERGE

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